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**Bulletin 5 of 2017**  
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**Qualified Errors**

**TO:** Assessors, Equalization Directors and Interested Parties

**FROM:** State Tax Commission

**SUBJECT:** Qualified Errors under MCL 211.53b

**Bulletin 16 of 2013 is rescinded.**

This Bulletin addresses changes to MCL 211.53b which was amended by Public Act 108 of 2016, eliminating the authority of a July or December Board of Review over the personal property exemptions contained in MCL 211.9m and 9n.

MCL 211.53b grants the July or December Board of Review the authority to correct a **qualified error**. MCL 211.53b(1) states: Except as otherwise provided in subsections (6) and (8) and section 27a(4), a correction under this subsection may be made for the current year and the immediately preceding year only.

A correction under subsection (6) regarding principal residence exemptions may be made for the year in which the appeal was filed and the three immediately preceding years.

A correction under subsection (8) that approves a qualified personal property exemption contained in MCL 211.9o for small business taxpayers may be made for the year in which the appeal was filed and the immediately preceding three tax years.

Regarding MCL 211.27a(4), if the taxable value of property is adjusted and the assessor determines that there had not been a transfer of ownership, the taxable value of the property shall be adjusted for the current year and for the three immediately preceding calendar years. An adjustment under this subsection shall be considered the correction of a clerical error.

Qualified errors are defined in subsection (10) as:

- A clerical error relative to the correct assessment figures, the rate of taxation, or the mathematical computation relating to the assessing of taxes.
- A mutual mistake of fact.
- An adjustment under section 27a(4) or an exemption under section 7hh(3)(b).
- An error of measurement or calculation of the physical dimensions or components of the real property being assessed.
- An error of omission or inclusion of a part of the real property being assessed.

- An error regarding the correct taxable status of the real property being assessed.
- An error made by the taxpayer in preparing the statement of assessable personal property under section 19.
- An error made in the denial of a claim of exemption for personal property under section 9o.

Note: PA Public Act 108 of 2016, eliminated the authority of a July or December Board of Review over the personal property exemptions contained in MCL 211.9m and 9n.

**Clerical Error** was defined by the Court of Appeals in *International Place Apartments v Ypsilanti Township* 216 Mich App 104; 548 NW2d 668 (1996), as “an error of a transpositional, typographical, or mathematical nature.” July and December Boards of Review are NOT allowed to revalue or reappraise property when the reason for the action is that the assessor did not originally consider all relevant information.

**Mutual Mistake of Fact** was defined by the Court of Appeals in *Ford Motor Co v City of Woodhaven*, 475 Mich 425; 716 NW2d 247 (2006) as “an erroneous belief, which is shared and relied on by both parties, about a material fact that affects the substance of the transaction.” This definition was clarified by the Michigan Supreme Court in *Briggs Tax Service, LLC v Detroit Public Schools*, 485 Mich 69; 780 NW2d 753 (2010). The Michigan Supreme Court indicated that to qualify, the “mutual mistake of fact” must be one that occurs only between the assessor and the taxpayer.

## **Examples of Qualified Errors:**

- **An error of measurement or calculation of the physical dimensions or components of the real property being assessed:**

1. A building is listed on the record card sketch as 60' x 100', priced as 6,000 square feet, and valued accordingly on the roll. A field inspection reveals that the building dimensions are actually 60' x 90', and that 5,400 should have been priced.
2. A building is properly listed on the record card sketch as 60' x 100', erroneously priced as 5,600 square feet, and valued accordingly on the roll. A desk review reveals the error.

Note: ‘Errors of measurement or calculation’ may include ‘building height’ errors or ‘floor area perimeter multiplier’ errors.

- **An error of omission or inclusion of a part of the real property being assessed:**

1. ‘Error of omission’ – A 1200 square foot house had a 500 square foot addition. The addition was taken as assessed/equalization new, but was not taken as a capped value addition, and so, was not included in the taxable value.
2. ‘Error of inclusion’ – A pole barn was erected on parcel ‘A’, but is erroneously assessed to parcel ‘B’. The ‘error of inclusion’ pertains to parcel ‘B’. An ‘error of omission’ pertains to parcel ‘A’.

**Note:** This change in jurisdiction is limited to situations where ‘**part**’ of the ‘**real property**’ is at issue. Issues involving the ‘**entire real parcel**’ or involving ‘**personal property**’ are not included under this subsection.

**Note:** Omitted property may be added under this section for the current year and the immediately preceding year only may still be added under MCL 211.154 for the current year and two prior.

• **An error regarding the correct taxable status of the real property being assessed.**

1. A charitable non-profit corporation that qualified for exemption under MCL 211.7o sent a letter with proper documentation to the assessor and requested exemption. The assessor failed to grant the exemption.
2. A church purchased the house next door in November (deed delivered), and was immediately used as a parsonage. The parcel qualified for exemption under MCL 211.7s. The deed was recorded in January, but the copy of the deed failed to reach the local assessor. The parcel had an assessed and taxable value as the close of the March Board of Review.

• **An error made by the taxpayer in preparing the statement of assessable personal property under section 19.**

1. A taxpayer reported newly acquired office furniture in Section B, ‘Machinery and Equipment’ of the personal property statement. It should have been reported in Section A, ‘Furniture and Fixtures’.
2. A taxpayer reported newly acquired office furniture in Section A, ‘Furniture and Fixtures’, on the top line and entered the amount paid for the items in the purchase of the total property. It was discovered by the assessor after the close of the March Board of Review that the previous owner had reported a different acquisition cost new for the office furniture five years earlier.

**Note:** In the case where a personal property statement was not filed in a timely fashion, the act does not permit the assessor to change an estimated assessment made in the absence of a filed statement.

• **An error made in the denial of a claim of exemption for personal property under section 9o.**

1. A taxpayer filed the affidavit to claim the exemption for personal property with under \$80,000 true cash value. The assessor failed to grant the exemption even though the taxpayer met all the qualifications.